

Progress in logistics cooperation between the European Union and Russia

by Juhani Korpela

Finland's presidency of the European Union elevated transport logistics into the centre of Europe's transport policy.

Finland's initiative took aim at improving the competitive capability of Europe's logistics. Basic knowledge of the cost dimensions of logistics alone is fragmented in Europe. In the United States, the development of logistics has already been given attention for quite some time.

The policy decisions formulated during Finland's presidency provide new guidelines for EU operations. The next EU presidency country, Germany, has taken the matter forward with the goal of an operational plan embracing the European Union as a whole.

Russia has also been interested in the development of transport logistics. Russia is also endeavouring to gain more advantage from its position as a transit nation.

The foundation for cooperation between the European Union and Russia is the Partnership and Cooperation Agreement, undersigned in 1997. With this, Russia approved, among other things, the goal to harmonize transport and customs legislation in accordance with the EU model. Both have undergone advancement in the field, though plenty of work still remains to be done. The cooperative framework operations connected with the cooperation agreement have remained sporadic with respect to transport.

A new type of cooperation arrangement was born a couple of years ago when, at Russia's initiative, a transport dialogue based on five work groups was launched. The work group deals with general transport strategies, infrastructure, transport safety and special transport format-related questions. All work groups have already convened several times.

During Finland's presidency period, an additional sixth ad-hoc work group was established to clarify the logistics problems between the EU and Russia. The lorry queues extending dozens of kilometres and waiting periods lasting days on end could be found in the background. Combined recommendations to ease the problems of crossing the frontier from the work group are expected by the end of June 2007.

Frontier-crossing problems have also been clarified in the past. Finland, Germany and Russia established the joint TEDIM programme in 1995 to promote the utilization of telematic resources in Baltic region transport and logistics. Within the context of the programme, telematic solutions serving international transport and logistics have been developed and their initialization has been promoted. Estonia, Latvia, Lithuania and Poland joined the programme later. Denmark and Sweden have also monitored the project.

Within the limits of TEDIM, it has been noted that switching to electronic documents as well as incorporating the beneficial use of information technology are pivotal instruments to accelerate frontier crossings. Moreover, with electronic data transfer it is possible to reduce the so-called 'double billing' connected with customs clearance, by which the Russian market is resultantly distorted and considerable customs income remains unpaid to the State. However, the ready-developed 'green line' has not been taken into wide-scale use.

Another problem of the Russian frontier is the number of officials. When the number of officials on the EU side is only two—for freight transport customs and for passenger transport frontier guards—there may be 7–8 officials on the Russian side. This causes delays, multiple labour and unnecessary billing. A solution to the problem looks promised by Russia's Duma having approved new legislation designed to cut down this unnecessary bureaucracy.

On May 15th and 16th, 2007, an international TEDIM seminar was arranged in Helsinki with participants from 14 countries. Those at the seminar heard, for instance, about the plans on the part of Russia's Customs in initializing electronic customs clearance and reorganizing the operations of officials.

Up to this time, the utilization of electronic data transfer has progressed the farthest in the rail transport going on between Finland and Russia. It is natural that similar progress is also expected with respect to lorry transport.

Russia's advancement in electronic customs clearance requires, of course, that corresponding readiness exists in the European Union. The Finnish Customs has functioned actively both under the auspices of the EU and in the international customs organization on behalf of accelerating the commissioning of electronic customs clearance.

In the Baltic, over 300 million tonnes of hazardous substances are transported each year. The possibilities to avert, sooner or later, a major catastrophe from occurring on the open sea are minimal, due to the lack of the required vessel-carried oil destruction equipment. However, GOFREP—a marine transport supervisory and control project based on the collaboration of three nations, substantially reducing the risk of accident—has been implemented in the Gulf of Finland. A project has also been launched under the auspices of TEDIM by which there is an ongoing attempt to improve collaboration between officials and businesses to increase the safety of the transport of hazardous substances.

Finland's Ministry of Transport and Communications has functioned actively on behalf of the development of logistics and the information technology connected with the same. This has necessitated investment in the research and development operations thereby required. The research grants have nevertheless been eliminated from the Ministry in the State's budget for 2007. The field of activity of the Ministry has been divided between two ministers, so that cargo transport is the responsibility of the one and the development of information technology that of the other. Hopefully these solutions will not weaken Finland's possibilities to remain, in the future as well, a skilled partner with considerable initiative in the advancement of logistics and the information technology serving the same.

Juhani Korpela

The writer is the former Secretary General of Finland's Ministry of Transport and Communications and continues operating within the context of the TEDIM programme.